

U.S. Department of Agriculture
Explanation of Changes to the India Cotton Balance Sheet
April 2012

USDA's April 2012 India cotton estimates include residuals in the "loss" category of 1.75 million bales each in 2009/10 and 2010/11, which result in higher India and world beginning stocks for 2010/11 and 2011/12. These residuals have been added because analysis of data recently released by the Government of India indicate that cotton stocks in India at the beginning of the 2011/12 season (August 1, 2011) were significantly higher than estimated previously.

In connection with the export restrictions imposed in early March 2012, the India Ministry of Textiles estimates that India exported 7.4 million bales (95 Indian lakh bales) of cotton during the period October 2011 through February 2012. A breakdown of exports by month is available from the Directorate General of Commercial Intelligence and Statistics (DGCIS) of the Ministry of Commerce showing that India exported a minimum of 2.3 million bales from August through November 2011. Analysis of monthly supply and use for August through November, including arrivals of the 2011 crop at gins (Cotton Corporation of India), textile use of cotton (Textile Commissioner's Office), and exports (DGCIS) indicates that stocks on July 31, 2011 were substantially higher than the March 2012 USDA estimate. Since India would have needed about 6.0 million bales in stocks on November 30 in order to cover its December exports and domestic mill use, beginning stocks as of August 1 have been raised by 3.25 million bales. Analysis of the supply situation in the fall of 2010 indicates a similar shortfall in 2010/11 beginning stocks as reflected in USDA's March 2012 estimate.

USDA's cotton supply and demand estimates for India rely mainly on official India data and are similar to the balance sheet of the India Cotton Advisory Board (CAB) (allowing for adjustments from the India cotton marketing year of October-September to the USDA marketing year of August-July). USDA has introduced the residuals into its estimates as an interim measure to account for the apparent stocks discrepancy. We will continue to review the data and may make further adjustments in subsequent reports.

Analysis of India Supply and Demand			
August-December 2011			
(1000 480-lb. bales)			
	<u>USDA- March</u>	<u>USDA- April</u>	<u>Comments</u>
August-November 2011:			
Beginning Stocks, Aug. 1	7,599	10,849	
+ Ginning Arrivals	2,727	2,727	Assumes a one-week lag to allow for ginning.
+ Imports	<u>219</u>	<u>219</u>	
Available Supply	10,545	13,795	
Consumption	5,456	5,456	Source: Textile Commissioner's Office
Exports	<u>2,310</u>	<u>2,310</u>	Source: DGCIS export registrations for Aug-Oct.
Total Disappearance	7,766	7,766	
Ending Stocks, Nov. 30	2,779	6,029	Stocks on November 30 must cover December disappearance (below).
December 2011:			
Consumption	1,499	1,499	Source: Textile Commissioner's Office
Exports	<u>4,494</u>	<u>4,494</u>	Source: DGCIS export registrations for November must ship w/i 30 days.
Total Disappearance	5,993	5,993	